

Message Text

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ACTION SS-15

INFO OCT-01 NEA-06 ISO-00 SSO-00 EB-07 SP-02 INR-05 RSC-01

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FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 9091

INFO USDOC

AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

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FOR ACTING SECRETARY FROM AMBASSADOR

E.O. 11652: NA

TAGS: BEXP, IR

SUBJ: BUSINESS CLIMATE IN IRAN

REF: A) KUWAIT 4841 B) KUWAIT 4865

1. SUMMARY: THE PACE OF BUSINESS ACTIVITY HAS INCREASED
DRAMATICALLY IN IRAN IN THE PAST THREE MONTHS AND HAS
PLACED SEVERE STRAINS ON LOCAL OFFICIALS AND THE EMBASSY,
IN MEETING WITH AND SERVICING U.S. BUSINESS VISITORS
AND MISSIONS. OUR EFFECTIVENESS IN SUPPORTING AMERICAN
BUSINESS INTERESTS WILL BE SERIOUSLY DIMINISHED UNLESS
FUTURE VISITORS AND TRADE/INVESTMENT MISSIONS ARRIVE
BETTER PREPARED THAN, IN THE MAIN, HAS BEEN THE CASE
THUS FAR.

I ASK FOR THE FULL COOPERATION OF STATE AND COMMERCE IN
THIS EFFORT SO THAT THE EMBASSY'S SUPPORT OF AMERICAN
BUSINESS CAN BE AS MEANINGFUL AS POSSIBLE. END SUMMARY.

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2. I WISH EMPHATICALLY TO SECOND THE VIEWS EXPRESSED IN

THE REFERENCE KUWAIT MESSAGES REGARDING THE ADVERSE IMPACT UPON THE EMBASSY AND ON KEY GOVERNMENT OFFICIALS OF THE EVER INCREASING NUMBER OF BUSINESS VISITORS. I FULLY APPRECIATE THE NEED FOR SUCH VISITS TO DEVELOP SOUND BUSINESS RELATIONSHIPS BUT THEY CAN ONLY BE FULLY EFFECTIVE WHEN THEY ARE BASED UPON CAREFUL PREPARATION AND AN AWARENESS OF THE LOCAL SITUATION.

3. THIS EMBASSY WELCOMES ALL SERIOUS BUSINESS VISITORS AND IS PREPARED TO GIVE THEM ALL APPROPRIATE ASSISTANCE, INCLUDING HELP IN MAKING CONTACT WITH IRANIAN BUSINESS AND GOVERNMENT LEADERS. AT THE SAME TIME, A SERIOUS PROBLEM IS POSED BY THE FACT THAT THE NUMBER OF DECISION MAKING OFFICIALS IN THE IRANIAN GOVERNMENT REMAINS SMALL AND RELATIVELY STATIC, WHILE THE DEMANDS UPON THEIR TIME FROM VISITING BUSINESSMEN FROM ALL THE INDUSTRIALIZED COUNTRIES IS INCREASING GEOMETRICALLY. THIS SITUATION POSES A DILEMMA BOTH TO WASHINGTON AND TO THE EMBASSY IN ASSISTING BUSINESS VISITORS: IT IS GENERALLY TRUE THAT THEY MUST SEE PEOPLE NEAR THE TOP, YET THE INCREASING VOLUME OF VISITORS IS DAY BY DAY MAKING SUCH ACCESS MORE DIFFICULT. THE VOLUME OF VISITORS, BUSINESS PROPOSALS, AND CORRESPONDENCE VIRTUALLY MANDATES THAT COMPANIES BE REPRESENTED LOCALLY IF PROFITABLE BUSINESS IS TO BE TRANSACTED. THIS IS PARTICULARLY TRUE AT THIS TIME WHEN, AFTER THE OIL REVENUE INCREASES AND ATTENDANT RHETORIC ABOUT ECONOMIC DEVELOPMENT, EUPHORIA OVER INSTANT PROGRESS IS NOW MOVING INTO A STAGE INVOLVING MORE PRECISE PLANNING, CAREFUL ATTENTION TO SPECIFIC PROJECTS AND EVENTUAL DECISION MAKING BY A SMALL CADRE OF OFFICIALS. AS YET THE EMBASSY HAS NOT BEEN SEVERELY HAMPERED IN SCHEDULING APPOINTMENTS FOR OFFICIAL VISITORS, BUT PROBLEMS ARE SURFACING IN REGARD TO BUSINESS VISITORS, PARTICULARLY THOSE SEEKING APPOINTMENTS AT THE MINISTERIAL LEVEL. THE DEPARTMENTS OF STATE AND COMMERCE SHOULD BE AWARE THAT THE FOLLOWING POINTS ARE MORE RELEVANT THAN AT ANY TIME IN THE PAST AS REGARDS THE LEVEL AND EASE OF ACCESS THAT WE CAN OBTAIN FOR USG OFFICIALS AND BUSINESS VISITORS:

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(A) VOLUME - AMERICAN BUSINESSMEN MUST REMEMBER THAT THEY ARE COMPETING NOT ONLY WITH OTHER PRIVATE AND OFFICIAL AMERICANS BUT WITH A LARGE NUMBER OF USUALLY WELL-PREPARED EUROPEAN AND JAPANESE BUSINESSMEN, MOST OF WHOM ARE NOT NEW TO MARKET.

(B) DEGREE OF PREPARATION - UNFORTUNATELY, MANY INDIVIDUAL BUSINESSMEN ARE NOT SUFFICIENTLY PREPARED, GIVEN THE

CHANGED SITUATION HERE, AND UNNECESSARILY WASTE THEIR OWN AS WELL AS VALUABLE EMBASSY AND GOVERNMENT TIME REHASHING BASIC MATERIAL THAT WAS READILY AVAILABLE TO THEM PRIOR TO LEAVING THE U.S. EVEN GROUPS WHICH HAVE HAD SOME BRIEFING IN ADVANCE FREQUENTLY LACK THE SPECIFIC DETAILS THAT WOULD MAKE FOR A MORE PROFITABLE AND USEFUL STAY IN IRAN. JUST YESTERDAY THE EMBASSY RECEIVED A BOARD CHAIRMAN AND VICE CHAIRMAN OF A LARGE U.S. COMPANY WHOSE VISIT HAD BEEN THE SUBJECT OF A STATE DEPARTMENT MESSAGE BUT WHO ARRIVED ABYSMALLY IGNORANT OF THE SITUATION HERE. THE LIST OF CONTACTS THEY HAD RECEIVED FROM THE IRANIAN EMBASSY IN WASHINGTON WAS INAPPROPRIATE TO THEIR PURPOSE AND I DOUBT IF THEIR BRIEF STAY HERE WAS WORTH THE EFFORT.

(C) LOGISTICAL SUPPORT - BUSINESS GROUPS VISITING IRAN HAVE LEVIED HEAVY LOGISTICAL DEMANDS ON EMBASSY RESOURCES, WHICH UNFORTUNATELY HAS THE EFFECT OF LIMITING THE KIND OF PERSONAL ASSISTANCE WHICH THIS POST HAS TRADITIONALLY OFFERED INDIVIDUAL BUSINESS VISITORS. THIS PROBLEM HAS BEEN PARTICULARLY SERIOUS IN REGARD TO THOSE BUSINESS GROUPS WHICH ARE NOT DIRECTLY SPONSORED BY THE USG. (A SEPARATE MESSAGE ON THIS SUBJECT WITH SPECIFIC SUGGESTIONS EVOLVING FROM OUR RECENT EXPERIENCE WITH TRADE MISSIONS WILL FOLLOW.)

(D) LEVEL OF CONTACT - TIMES HAVE CHANGED. ALL INDIVIDUALS AND GROUPS SHOULD BE AWARE THAT EXPECTATIONS OF MEETINGS WITH THE SHAH, PRIME MINISTER, FOREIGN MINISTER, MINISTER OF ECONOMIC AFFAIRS AND FINANCE, AND MANY OTHER MINISTERS WILL NOT ALWAYS BEAR FRUIT GIVEN THE COMPETING DEMANDS ON OFFICIAL TIME. THE MOST USEFUL LEVEL, AT LEAST INITIALLY, IS THE VICE MINISTER, DIRECTOR-GENERAL, OR DEPUTY SECRETARY LEVEL, WITH MINISTERIAL CONLIMITED OFFICIAL USE

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TACTS ENSUING ONLY IF CIRCUMSTANCES WARRANT. THIS IS TRUE NO MATTER HOW IMPORTANT THE VISITORS OR GROUPS MAY BE IN THE UNITED STATES. PRINCE BERTIL OF SWEDEN, THE FOREIGN MINISTER OF POLAND, AND THE INDUSTRIES MINISTER OF FRANCE, TO NAME BUT THREE, HAVE LED RECENT TRADE DELEGATIONS TO IRAN WITHIN THE LAST WEEK AND THIS FACT ILLUSTRATES THE PERSPECTIVE IN WHICH GROUPS SUCH AS MID-AMERICA AND NAM ARE AND WILL BE VIEWED.

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AMEMBASSY CAIRO

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

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FOR ACTING SECRETARY FROM AMBASSADOR

(E) TIME IN COUNTRY - BUSINESSMEN WHO COME TO TEHRAN SHOULD ALLOW SUFFICIENT TIME BOTH TO EXPLORE LEADS OBTAINED IN INITIAL APPOINTMENTS AND TO MAKE ALLOWANCES, FOR EXAMPLE, FOR THE EXCESSIVE TIME NEEDED TO GET AROUND IN TRAFFIC-CLOGGED TEHRAN (OR EVEN TO MAKE TELEPHONE CALLS). IT IS NOT FEASIBLE FOR THE EMBASSY TO MAKE APPOINTMENTS IN ADVANCE OF ACTUAL ARRIVAL IN COUNTRY (EXCEPT FOR OFFICIAL TRADE MISSIONS). A MINIMUM OF FIVE WORKING DAYS IS RECOMMENDED IF SERIOUS BUSINESS IS TO BE NEGOTIATED, TO ALLOW FOR SUFFICIENT TIME IN TEHRAN AS WELL AS FOR TRAVEL TO OTHER LOCATIONS IF INDICATED. (FOR EXAMPLE, THOSE INTERESTED IN JOINT VENTURES SHOULD KNOW THAT PRESENT IRANIAN REGULATIONS REQUIRE THAT NEW JOINT VENTURE COMPANIES LOCATE OUTSIDE OF THE TEHRAN AREA UNLESS SPECIAL PERMISSION IS GRANTED).

(F) NO-SHOW RATE - THE EMBASSY HAS HAD SOME DIFFICULTIES WITH NO-SHOWS FOR HIGH-LEVEL APPOINTMENTS PREVIOUSLY CONFIRMED BY THE EMBASSY. THIS RISING RATE OF NO-SHOWS

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OR "DELAYED SHOWS" IS BEGINNING TO STRAIN THE EMBASSY'S

CREDIBILITY. WE CANNOT EMPHASIZE ENOUGH THAT OUR ABILITY TO OFFER SERVICES IN THE FUTURE IS IMPAIRED BY SUCH BEHAVIOR. IN OUR OPINION, SUCH STATEMENTS BY ADVANCE MEN THAT "YOU CAN'T MAKE EXECUTIVE OFFICERS OF IMPORTANT COMPANIES GO TO MEETINGS IF THEY DON'T WANT TO" ARE NO EXCUSE FOR FAILING TO ATTEND MEETINGS WHICH THE EMBASSY HAS REQUESTED AT THEIR BEHEST.

(G) THE U.S. BUSINESSMAN HAS A NATURAL ADVANTAGE HERE IN THAT THE GOVERNMENT AND PRIVATE SECTORS IN IRAN ARE WELL DISPOSED TOWARD AMERICAN PRODUCTS AND TECHNOLOGY. HE NEEDS TO CAPITALIZE ON THIS NATURAL ADVANTAGE BY PRESENTING COHERENT, PRECISE, WELL-THOUGHT-OUT PROPOSALS. TIME INCREASINGLY IS AT A PREMIUM IN TERMS OF THE PRESSURES ON THE LIMITED POOL OF IRANIAN DECISION MAKERS. THE AMERICAN BUSINESSMAN'S ABILITY TO PREPARE HIMSELF IN ADVANCE, DRAWING UPON THE RESOURCES OF STATE AND COMMERCE, AND TO MAKE HIS LIMITED TIME HERE IN IRAN COUNT WILL BE IMPORTANT ELEMENTS IN REACHING OUR NATIONAL EXPORT GOALS. WE ARE FULLY PREPARED TO HELP HIM IN THIS EFFORT.

HELMS

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